

23 April 2020



Kāinga Ora announces issue of new September 2040 inflation-indexed wellbeing bond

Kāinga Ora – Homes and Communities announces the issue, by its subsidiary Housing New Zealand Limited (HNZL) of \$300 million of a new 20 September 2040 inflation-indexed wellbeing bond in response to reverse enquiry from a real money investor.

The inflation-indexed wellbeing bonds will be issued by HNZL at a yield to maturity of 2.413% and carry a coupon of 2.50% to match the New Zealand Government inflation-indexed bond of the same maturity, which is also the base rate for the transaction. The transaction priced at a spread of 175 basis points over the base rate.

Inflation-indexed bonds are a new financing instrument for Kāinga Ora and provide a number of complementary benefits compared with nominal wellbeing bonds, including:

- long-term financing to better match the portfolio of over 63,500 houses on our balance sheet
- a natural match to our revenue stream, with price changes of residential rents correlated with Consumers Price Index (CPI) inflation, and
- diversification of the investor base, given the instrument's appeal to asset managers with long investment horizons.

Matthew Needham, (Deputy Chief Executive, Finance) makes the connection to Kāinga Ora's focus on wellbeing: "This transaction is the next evolution of our wellbeing bond programme, which we continue to incorporate into our programmes and practices".

While we remain committed to developing the nominal wellbeing bond curve and building liquidity in individual maturities, inflation-indexed wellbeing bonds may continue to play a role in our future debt issuance plans. Subject to portfolio requirements and investor demand, inflation-indexed wellbeing bonds may make up around 20% of the total debt portfolio over time.

If you would like to be added to our distribution list, please email treasury@kaingaora.govt.nz. Our [Investor Centre](#) also provides useful information on our borrowing programmes, credit ratings and approach to sustainability. Any offer of securities under our borrowing programmes (including the inflation-indexed wellbeing bond described above) is made to only wholesale investors and in accordance with the Financial Markets Conduct Act 2013. The final terms sheet for the new inflation-indexed wellbeing bonds is attached.

Key contacts

Matthew Needham

Deputy Chief Executive, Finance

Matthew.needham@kaingaora.govt.nz



Sam Direen

Treasurer

Sam.direen@kaingaora.govt.nz



Nicki Reeves

Investor Relations Manager

Nicki.reeves@kaingaora.govt.nz

